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UNCLAS SECTION 01 OF 02 DHAKA 002309

SIPDIS

SENSITIVE

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SUBJECT: LABOR CONDITIONS IN THE BANGLADESH SHRIMP
PROCESSING INDUSTRY

11. (SBU) Summary: While Bangladesh wants to increase its annual shrimp exports from \$300 million to a billion dollars over the next decade, current labor practices undermine its ability to boast productivity and win new markets. End Summary.

12. (U) Bangladesh's second largest export, after ready made garments, is processed shrimp. In 2004, it shipped \$300 million worth of shrimp to the EU and US. Most of the shrimp processing, the de-shelling, de-veining, and packaging, takes place in the city of Khulna, located 350 kilometers southwest of Dhaka. Khulna, on the Kunga river within the water- rich Sundarbans region of Bangladesh, is also close to Mongla port, making it a logical location for shrimp processing for export.

13. (U) The majority of shrimp processors have plants that front the Kunga river. Shrimp is brought in from nearby shrimp farms which are former rice fields now flooded with the brackish water of the Sundarbans. The farmers raise the fry or hatchlings to market size in the ponds, with some farmers using pesticides and antibiotics to increase yields and the size of their shrimp. The farmers take on debt to buy the fry from wholesalers in the hopes of reaping a large return on their investment. However, once they flood their fields with the brackish water, returning the land to other uses requires eliminating the salt. Consequently, many are locked into raising shrimp.

14. (U) Shipped to the processing plants on locally constructed ships, the shrimp are transferred from the boat to the processing plants by young boys aged eight to 12 and paid less than half a taka per kilo. (There are 60 taka to the dollar.) The transfer is done in small baskets with the boys balancing the loads on their heads across dirt roads to the processing plants. There is an unloading quay for the several processing plants but, like most infrastructure in Bangladesh, it is barely adequate.

15. (SBU) Once in the processing plants, the shrimp are chilled and placed in large stainless steel buckets where the shrimp are washed. Many of the workers are women, mostly in their mid 20s. Many are glad to have the work in this very rural part of Bangladesh where even college graduates rarely find work. The shrimp processing industry is new and many workers started out in their teens. Using children as young as 12 is, while not common, more the rule than the exception.

16. (U) Outside a processing plant, poloff observed several young girls wearing rubber boots. They said they worked in a nearby processing plant where they weighed bags of processed shrimp. When asked their age, one said she was 14 years but the other girls giggled and said she was only 12 like them. In response to a question if they liked working the processing plant, they said it was cold and they don't have gloves. As a result, their hands dry out from being in water and cold all the time. She showed poloff her hands which were chapped and still white from immersion in water.

17. (U) Older women, those in their 20s, perform the peeling and de-veining of shrimp. However, in some processing plants, small children are sometimes used to peel the shell from the shrimp. One plant manager explained, "Where the women work, so go the children" meaning that without day care the children have no choice but to stay with the female parent. However, some women actually prefer taking their children with them to work. In such cases, women who have permanent employee standing have asked to be retained as contractors and to paid by the weight of shrimp peeled. Being paid by weight, the use of children is advantageous to the contractor/employee, but being a contractor means when the seasonal down time comes, they are the first to be let go.

18. (U) Due to climatic conditions, monsoons and the breeding cycle of the various types of shrimp, there are peak and slack seasons. Most workers admit that there is really only sufficient work 10 months of the year. During the down times, some workers are let go while others are given other tasks to perform tasks unrelated to their normal work. For example, if they are peelers, they may be given jobs such as mopping floors or moving equipment. However, during peak

times, many work up to 14-16 hours a day. Many managers defend such practices, noting that they are at the mercy of the weather and the intensive nature of shrimp farming; all the shrimp grow best and mature according to the season.

19. (SBU) Many owners defend their practices by saying that the shrimp processing business is very competitive and they need every advantage possible to reduce costs and improve their competitive edge. Other owners see value in fairer labor practices and are working with USAID's Shrimp Seal of Quality (SSOQ) program. Participants in this program agree to adhere to a high degree of sanitary conditions, high level of sound processing practices including not using shrimp raised with antibiotics or pesticides, and maintaining fair labor practices and working conditions. Such practices assure US and EU wholesale buyers that the shrimp they purchase conform to modern and fair industry practices.

10. (SBU) Comment: Both the Bangladesh government and the shrimp processing industry see potential for the \$300 million a year industry to grow into a billion dollar industry within ten years. While the BDG supports the SSOQ, the majority of processors resist improving working conditions citing the need to maintain a high level of productivity.

THOMAS